



General Assembly

**Substitute Bill No. 362**

February Session, 2004

\* SB00362BA 030404 \*

**AN ACT CONCERNING MORTGAGE PAYOFF STATEMENTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2004*) (a) If a mortgage lender or  
2 the subsidiary, successor or assign of a mortgage lender, which is  
3 holding funds of a mortgagor in escrow for the payment of taxes,  
4 insurance or both with respect to mortgaged property located in this  
5 state, disburses any such escrow funds for such purposes after the date  
6 that a payoff statement is issued, and receives a mortgage payment  
7 from the mortgagor after such disbursement, such lender, subsidiary,  
8 successor or assign shall honor such mortgage payment and apply the  
9 payment to the mortgage principal and interest. If such mortgagor, or  
10 the agent or attorney of the mortgagor, requests such lender,  
11 subsidiary, successor or assign to verify receipt of such mortgage  
12 payment or verify application of such payment to the mortgage  
13 principal and interest, the lender, subsidiary, successor or assign shall  
14 respond in writing within two business days.

15 (b) If such lender, subsidiary, successor or assign does not apply a  
16 mortgage payment to principal or interest or fails to respond to such a  
17 request for verification of receipt or application of a mortgage  
18 payment, as required under subsection (a) of this section, the mortgage  
19 shall be deemed to be paid in full and the mortgagor may record an  
20 affidavit on the land records of the municipality in which the mortgage

21 is recorded. Any such affidavit shall be sufficient to release the  
22 mortgage.

This act shall take effect as follows:
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Section 1	<i>July 1, 2004</i>
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**BA**      *Joint Favorable Subst.*